

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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JOSEPH E. CONNARTON, *Executive Director*

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MEMORANDUM

TO: Lynn Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: August 28, 2017

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on January 1 of each fiscal year. The schedule is effective in FY18 (since the amount under the prior schedule was maintained in FY18) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.60% to 7.40% and the adoption of a fully generational mortality assumption.

We note that based on our recommendation and that of your investment advisor, the Board adopted a 7.0% investment return assumption. The schedule the Board adopted funds the System even more aggressively than the prior schedule. We commend the Board for its conservative approach.

If you have any questions, please contact PERAC's Actuary, Jim Lamenza, at (617) 666-4446, extension 921.

Enc.



Lynn Retirement System
January 1, 2017 Actuarial Valuation

7.40% Investment Return Assumption

Total Cost 4.0% increasing until FY21, 5.0% until FY33 with final amortization payment FY34

<u>Fiscal</u> <u>Year</u>	<u>Normal</u> <u>Cost</u>	<u>Net</u> <u>3(8)(c)</u>	<u>Amort. of</u> <u>UAL</u>	<u>Amort. of</u> <u>2002 ERI</u>	<u>Amort. of</u> <u>2003 ERI</u>	<u>Total</u> <u>Cost</u>	<u>Unfunded</u> <u>Act. Liab.</u>	<u>Total Cost</u> <u>% Increase</u>
2018	6,508,816	400,000	23,932,947	267,145	857,337	31,966,245	333,606,412	
2019	6,801,713	400,000	24,918,700	267,145	857,337	33,244,895	331,697,915	4.0%
2020	7,107,790	400,000	26,209,563		857,337	34,574,691	328,601,933	4.0%
2021	7,427,641	400,000	28,130,037			35,957,678	324,190,297	4.0%
2022	7,761,885	400,000	29,593,678			37,755,562	318,323,812	5.0%
2023	8,111,169	400,000	31,132,171			39,643,340	310,469,732	5.0%
2024	8,476,172	400,000	32,749,335			41,625,507	300,401,530	5.0%
2025	8,857,600	400,000	34,449,183			43,706,783	287,871,861	5.0%
2026	9,256,192	400,000	36,235,930			45,892,122	272,610,817	5.0%
2027	9,672,720	400,000	38,114,007			48,186,728	254,324,043	5.0%
2028	10,107,993	400,000	40,088,071			50,596,064	232,690,701	5.0%
2029	10,562,852	400,000	42,163,015			53,125,867	207,361,266	5.0%
2030	11,038,181	400,000	44,343,980			55,782,161	177,955,156	5.0%
2031	11,534,899	400,000	46,636,370			58,571,269	144,058,169	5.0%
2032	12,053,969	400,000	49,045,863			61,499,832	105,219,715	5.0%
2033	12,596,398	400,000	51,578,426			64,574,824	60,949,835	5.0%
2034	13,163,236	400,000	10,843,429			24,406,665	10,715,981	-62.2%
2035	13,755,582	400,000				14,155,582	0	-42.0%

All amounts assume payments will be made September 1 of each fiscal year.

Normal cost assumed to increase 4.5% per year.

Assumed expenses of \$1,000,000.

FY18 amount maintained at level of 2015 funding schedule.